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LECTURE SPEECH
"The Virtue of Profit"

C. William Pollard

So how should one think about profit? Is it a virtue or a vice? Is it something essential to our way of life? Or is it something we put up with as part of our free market system allowing the self interest of some to earn a profit to produce the needed goods and services for the whole?

Profit is usually defined in economic terms. It is that surplus or positive bottom line that results when revenue exceeds expenses. For the investor or shareholder, it only occurs when returns exceed cost of capital.

And so profit is often used as a measure of the effectiveness of a business firm. Profit is the engine that generates capital; the source for the creation of wealth. But its function is not limited to business. Without charitable contributions and other sources of revenue consistently exceeding expenses, the non-profit does not have the needed capital to do its mission and soon realizes that it is in the process of going financially bankrupt.

The same is true for every family unit in our society. If expenses continue to exceed income, a day of reckoning is just around the corner. I would suggest that this

principal also applies to government. There is an ultimate limit to the amount you can borrow to cover deficits.

So can we say that profit is good?

Those who assume a zero sum world, argue that profit benefits a few at the expense of many. While we don't have to accept this argument we do know that the making of money can become consuming, an addiction where enough is never enough. Its pursuit can be the root of all evil.

Jesus asked His followers "What will it profit a man if he gain the whole world, but lose his own soul?" He instructed his disciples not to lay up their treasures here on earth but in Heaven. "For where your treasure is there will your heart be also". He went on to say that "no one can serve two masters. For you cannot serve God and money".

These words of Jesus remind us that profit as an end goal of life and measured only in dollars and sense is an empty vessel and can result in the poverty of the soul. You can't take it with you. At the end of life how much money, or as Tolstoy put it, how much "land" does a man need – just enough for a six foot grave.

So is profit a virtue or a vice? Is a business person who also seeks to follow God's ways caught in that dilemma of trying to serve two masters?

What is there in common between God and profit?

At ServiceMaster, the business I led over a twenty-five year period, we attempted to answer these questions. As I have now retired from my leadership responsibilities at the Company and look back, I can add up the numbers that show growth in profits, customers served, and a premium return for our shareholders.

While these figures are part of a normal business assessment of performance, the conclusion for me cannot be limited to these money or value creation measurements of profit.

I am a person of faith. I am a Christian, a follower of Jesus Christ. My faith, by its very nature, is a defined faith. Definition brings clarity and allows for order and a systematic way of thinking. It can however, also set boundary lines, determine limits of what is and what is not. It can be exclusive in shutting out those who do not believe the same way I do or fit my definition.

How then do I relate the claims of my faith with the demands of my work in a diverse and pluralistic marketplace? A marketplace focused on making profits and creating wealth. As a leader in business, how do I touch the spiritual side of the people within the firm? Can a business career be a ministry, a calling of God?

Can I live and share my faith in such a way that it can be examined and tested by my colleagues and fellow workers, and yes, even be embraced by some? Can the “profit” of the firm be measured beyond the bottom line and include the growth and development of the people producing the results of the firm? Can the profitable return from ones leadership in business be measured in the changed lives of people?

As a business leader, I wanted to excel at generating a profitable bottom line profit and creating value for shareholders. If I didn’t want to play by the rules, I didn’t belong in the ball game.

But I also tried to encourage an environment where the workplace could be an open community where the question of a person’s moral and spiritually development, the existence of God and how one related the claims of their faith with the demands of their work, were issues of discussion, debate and yes, even learning, and understanding. I considered the people of our firm as in fact, the soul of the firm.

Our corporate objectives at ServiceMaster were simply stated: To honor God in all we do. To help people develop, To pursue excellence and To grow profitably. Those first two objectives were end goals. The second two were means goals. We did not use our first objective as a basis of exclusion. It was in fact, the reason of our promotion of diversity as we recognized that different people, with different beliefs were all part of God’s mix.

It did not mean that everything was done right. We experienced our share of mistakes. We sometimes failed and did things wrong. But because of a stated standard and a reason for that standard, we could not hide our mistakes.

Mistakes were regularly flushed out into the open for corrections and in some cases for forgiveness. And leaders could not hide behind or protect themselves at the expense of those they were leading.

The process of seeking understanding and application of these objectives at all levels of the organization was a never ending task. It involved matters of the heart, as well as the head. And it was not susceptible to standard management techniques of implementation or measurement.

While at times it was discouraging, it also was energizing as one realized the continuing potential for creativity and innovation as there was a focus on the development of the whole person.

In a diverse and pluralistic society some may question whether the first objective To honor God belongs as part of a purpose statement of a business; or for that matter, in our case, of a public company. But regardless of your starting point, the principal that can be embraced by all is simply where it led us and that was to honor and recognize the dignity and worth of every person and our responsibility to be involved in not only what that person was doing in their work but also who they were becoming.

As a business, or for that matter, any organization grows and layers of management increase, leaders can find themselves managing by reports and looking at the people of the firm as just a pair of hands, part of the line on a P&L that we call “cost of labor”, or simply driven by the economics of a compensation package, new incentive plan or a stock option program. But it is not just a pair of hands that comes to work every day, it is a whole person.

Peter Drucker’s classic definition of management is getting the right things done through others. But he doesn’t stop there, he also suggests in his concept of management as a liberal art, that a leader/manager also must be concerned about what is happening to the person in the process.

Those people who are producing profits, who are accomplishing the mission of the firm are also human. They have cares and concerns, emotions and feelings, beliefs and convictions. They have the potential to do good or evil, love or hate, contribute or detract, motivate or discourage.

An investment by leadership in the development of people can make a difference.

It requires, says Drucker, the understanding of the human condition including the recognition that there is a spiritual dimension to our humanity. It is all about the process of developing not just financial capital but also human capital or as Robert

Fogel, an economist from the University of Chicago, and a 1993 Nobel Prize Winner put it in his book *The Fourth Great Awakening*, the growing of spiritual resources.

After tracing the history of religious faith in America, from pre-revolutionary war times to the present, and its effect on our society and economy, Fogel concluded that the major issue in our culture today was simply a lack of the distribution of what he referred to as “spiritual assets”. There was, he said, a void in our society in the development of the character of people and a provision for their spiritual needs. He also went on to say that in order for the business firm of the future to resolve the growing complexities of ethical issues it will have to acquire more “spiritual capital”.

There were many examples of profitable returns from investing in people that came occurred during my ServiceMaster career. Let me share just one with you.

As part of expanding our business to China, I was asked to give a lecture to a group of business leaders and members of government in the Great Hall of the People, using the ServiceMaster model as my subject. Overall, there was a positive response and as a result we found a very good partner for our business in China.

Several weeks after the event, I received a note from one of our Chinese employees who had been traveling with me as an interpreter. Here is what Shu Zhang said, “When I grew up in China, religions were forbidden and Mao’s book became our

Bible. When I was five or six years old I could recite Mao quotations and even use them to judge and lecture the kids in the neighborhood.

Mao said, "Serve the people. Leaders should be public servants." This coincides with some of ServiceMaster's moral standards. When I think deeply, I see the difference that makes one work so successfully and the other collapse fatally. It must be the starting point of ServiceMaster to honor God, and that every individual has been created in His image with dignity and worth.

ServiceMaster is designed to be a big, tall tree with strong roots which penetrates extensively to almost every corner of a person's daily life. It is still growing in mine. And I am still learning".

Shu was a thinking person. She was different but felt accepted and respect in her work environment. She was confronted with life choices that went beyond doing a job and earning a living; choices about who she was becoming and how she could relate to God.

Investments in people can be risky. You can learn from a painful mistake or a failure. Implicit in leadership is the power to make decisions that affect others. You can be right in your intent and decision, but wrong in how you use power to implement that decision. The mistakes I have made as a leader, that hurt the most, are those that have resulted in breached relationships with others. In seeking to achieve specific

performance goals, I have at times pressed too hard for results without understanding the subjective factors of fear, insecurity, or risk of failure that were influencing substandard performance of the individuals involved. The pain of honestly facing your mistakes and seeking forgiveness is part of the learning process of investing in others, and yes sometimes, recuping your investment for a greater return.

The return from the investment of oneself in others has a potential that far exceeds what money can buy. And often you have that special joy of seeing your investment in a person multiplied in the lives of others and yes, there are times when you see a positive response to the redemptive work of our Lord Jesus Christ.

Profit measured in the changed lives of people was our life blood at ServiceMaster. As I retired from the leadership of the firm, we were involved in managing or employing over 250,000 people delivering one or more of our services to over 12 million customers in the U.S. and 45 countries.

The growth of our business and the growing investment in people, however, would not have been possible without the profit of a growing positive bottom line. This more traditional way of looking at profit provided the source of our financial capital, and return to our shareholders. It was for us, an essential means goal, a measure of the effectiveness of our combined efforts – a virtue of accountability.

Noel Tichy, a professor at the University of Michigan Business School describes ServiceMaster in his book *The Leadership Engine*, as follows:

“For many people who don’t know the folks at ServiceMaster, the stated value to honor God in all we do is troubling. Before we went to visit with them, one of my colleagues suggested that their religious orientation might make them unsuitable as models for more ‘normal’ organizations. But the truth is that...when you get to know the people who work at ServiceMaster, you quickly see that there are no traces of ethereal, [other-worldliness] about them. They are serious business people firmly focused on winning. Profit [to them] is a means in God’s world to be used and invested, not an end to be worshipped. [It] is a standard for determining the effectiveness of [their] combined efforts.”

Tichy goes on to say,

“ServiceMaster has achieved such adherence to its values...because everyone from the [top] down works at making them an everyday reality. One of [their] twenty-one principles of leadership says, if you don’t live it, you don’t believe it. And they really mean it. Service permeates all the way to the highest level of the company and no matter how senior they become, each spends at least one day a year performing front-line service work.”

Let me share with you another example of the importance of financial profit as a means goal – an example on a much smaller scale but ever greater meaning and purpose.

Psalm 24 reminds us that God owns everything; our life, our skills, our talents, our financial and other resources. We hold these “assets” in trust to be invested for His purposes. We are stewards and it is required that we be found faithful.

The Parable of the Talents reminds us that God doesn't want us to return what He has given us. He wants more, a return or a profit, not measured in a tithe of what is already His or limited only to a value in monetary terms, but instead the potential of an ever greater return with the multiplication of our lives in the changed lives of others - a return that has an eternal value. It is what I often refer to as God's economy of surplus.

As you invest your life in people, the road may be bumpy and at times there may seem to be more downside than upside with little or no measureable results from the investment – God's measurement, however, is with eternity in view. It was C. S. Lewis who said, “There are no ordinary people, you've never talked to a mere mortal, nations, cultures, arts, civilizations, they are mortal and their life is to ours as the life of a gnat. But it is immortals we joke with, work with, marry, snub and exploit.”

Every person we work with has been created in the image and likeness of God with their own fingerprint of potential – The investment is there for us to make as we integrate the claims of our faith with the demands of our work and understand there is a virtue in living a profitable life for our Lord and Savior.

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